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BRITISH COLUMBIA

Canada Mortgage and Housing Corporation

Strong First Quarter in 2006

British Columbia's housing sector recorded increased starts, resales and prices during the first quarter of 2006 compared to one-year ago. Almost 8,000 new homes were started in urban British Columbia (areas with a population of 10,000 or more) during the first three months of the year. This is a 27 per cent increase compared to the first quarter of 2005 and the strongest start to the year since 2004.

Employment and income growth and high levels of consumer confidence continue to support housing demand and are driving the increase supply of new housing.

A resurgence in single-detached construction in the Vancouver CMA contributed to the province-wide 28 per cent increase in this product type. As developable land near the city is built out and is more expensive in established residential areas, builders focused on single-detached homes in communities where land is more readily available and less expensive.

Larger scale projects remain popular. Builders started 27 per cent more units in multiple-unit developments compared to the first quarter of 2005. While Vancouver accounted for just over two-thirds of multiple-unit starts, Kelowna, Abbotsford and Penticton saw significant increases in the number of condo, townhouse and semi-detached starts.

Resale activity increased in early 2006 as growth in employment more than offset the impact of rising mortgage interest rates. During the first two months of 2006, the number of homes changing hands in British Columbia increased 5 per cent from year-earlier levels.

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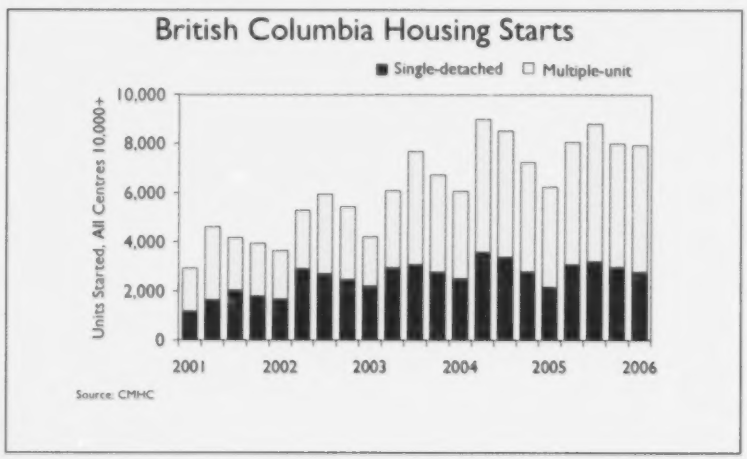

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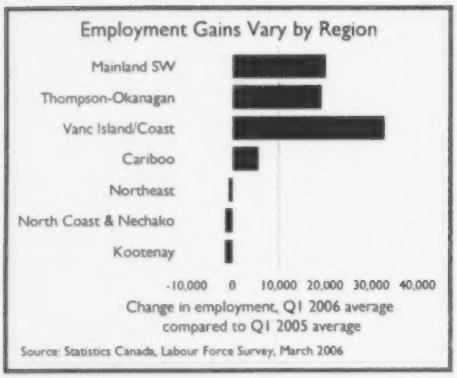

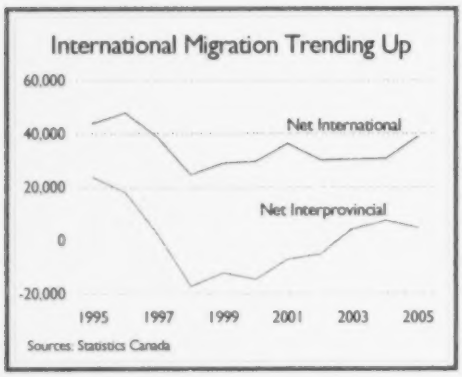

Solid Economic Fundamentals

Economic indicators suggest that the British Columbia economy is growing at a 3.5 to 4.0 per cent annual rate. Consumer spending on goods and services, investment in residential and non-residential building, business investment in machinery and equipment, are all contributing to this growth. As well, the province's resource sector is benefitting from global demand for key British Columbia commodities including lumber, copper, coal and natural gas. In 2004, real gross domestic product (GDP), a measure of the value of goods and services produced, increased 4.0 per cent. Last year, CMHC estimates real GDP grew at a similar pace.

A growing economy generates jobs and in 2005, British Columbia led the provinces in employment growth. The 3.3 per cent annual increase in employment meant that almost 70,000 more people were working during 2005 than during 2004. Along with job gains, the province recorded a 6.1 per cent increase in the value of wages and salaries, above the national average.

Employment growth has continued into 2006 with 74,000 more people working during the first quarter of 2006 than during the first quarter of 2005. Growth in incomes and employment will help to offset some of the impact of rising mortgage interest rates and rising home prices on housing demand.

Mortgage Rates Rising

Mortgage interest rates remain low by historical comparison and are stimulating activity in the housing sector. However, rates have been drifting higher recently reflecting increases in the overnight lending rate by the Bank of Canada and higher borrowing costs for lenders. So far the increases have been modest, about one-half of a percentage point since the fall of last year. For example, the posted one-year conventional mortgage rate was 6.05 per cent in March. Although this is higher than the 5.05 per cent seen in March 2005, it was well below the 8.3 per cent recorded in May 2000.

As mortgage interest rates rise, the dampening impact on new home construction and resale activity will become more evident.

Resale Markets Stay Active

Sales of existing homes hit a new record in 2005 with more than 106,000 transactions in the Multiple Listings Service® (MLS®). During the first two months of 2006, the number of resales increased about 5 per cent compared to the same period of 2005. There were more listed existing homes and completed new homes compared to a year ago, resulting in increased choice for consumers.

Sustained employment growth, net population in-flow, and low interest rates continued to drive housing demand. The average price for the units sold through MLS® reached a new record of $380,000 in February, 22 per cent more than the average price in February 2005.

Building Permits

While not every building permits results in a housing start, permits issued provide an indication of future construction activity.

During the first two months of 2006, BC municipalities issued about $1.1 billion worth of residential building permits, up 7.5 per cent from the same period of last year.

Intentions for residential building projects in Vancouver CMA jumped 18.5 per cent, offsetting a decline recorded in other regions of the province.

Regional Housing Starts

Across the province, new home builders were busier in the first quarter of 2006 than the same quarter of 2005. Abbotsford starts led the growth with a three-fold increase compared to the year-earlier level. Both Kelowna and Kamloops saw significant gains in the number of new building projects. Other urban areas in British Columbia, including Prince George and Nanaimo, also recorded more housing starts than the same period of 2005.

Rural Housing Starts on the Rise

British Columbia's rural areas (areas with fewer than 10,000 people) saw the number of housing starts increasing year-over-year for the fourth consecutive quarter.

Many of these areas are dependent on the resource sector. With high commodity prices and strong global demand, some local economies are doing relatively well. This prosperity is reflected in new home construction activity. Rural areas recorded over 500 housing starts during the first quarter of 2006, up 81 per cent from the same period of 2005. The increase was concentrated in single-detached homes, often the prefered housing type.

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Rural Housing Starts

	Single Det.	Semi	Row	Apt.	Total
2005 Q1	183	39	32	29	283
2005 Q2	509	68	5	222	804
2005 Q3	867	45	62	456	1,430
2005 Q4	705	97	111	118	1,031
Total 2005	**2,264**	**249**	**210**	**825**	**3,548**
2006 Q1	429	49	31	2	511

Urban Housing Starts

	Single Det.	Semi	Row	Apt.	Total
2005 Q1	2,172	292	856	2,921	6,241
2005 Q2	3,090	411	1,295	3,276	8,072
2005 Q3	3,221	484	1,143	3,950	8,798
2005 Q4	2,972	355	955	3,726	8,008
Total 2005	**11,455**	**1,542**	**4,249**	**13,873**	**31,119**
2006 Q1	2,789	419	906	3,824	7,938

Table 1

Housing Starts, Urban B.C.
January - March 2006

AREA	SINGLE DETACHED			MULTIPLES			TOTAL		
	2005	2006	% Chg.	2005	2006	% Chg.	2005	2006	% Chg.
Metropolitan Areas									
Abbotsford	63	89	41	46	240	422	109	329	202
Vancouver	1,012	1,424	41	3,100	3,669	18	4,112	5,093	24
Victoria	216	239	11	226	233	3	442	472	7
CA's 50,000 - 99,000 pop.									
Chilliwack	95	106	12	140	155	11	235	261	11
Kamloops	54	91	69	6	40	##	60	131	118
Kelowna	212	254	20	167	499	199	379	753	99
Nanaimo	124	158	27	10	23	130	134	181	35
Prince George	41	42	2	0	8	**	41	50	22
Vernon	64	62	-3	24	3	-88	88	65	-26
CA's 10,000 - 49,999 pop.									
Campbell River	41	53	29	34	24	-29	75	77	3
Courtenay	89	70	-21	90	43	-52	179	113	-37
Cranbrook	13	16	23	0	0	**	13	16	23
Dawson Creek	1	6	500	2	0	-100	3	6	100
Duncan	33	43	30	34	12	-65	67	55	-18
Fort St. John	4	8	100	6	0	-100	10	8	-20
Kitimat	0	0	**	0	0	**	0	0	**
Parksville-Qualicum	46	47	2	34	23	-32	80	70	-13
Penticton	16	18	13	72	137	90	88	155	76
Port Alberni	14	15	7	0	2	**	14	17	21
Powell River	7	7	0	0	4	**	7	11	**
Prince Rupert	1	0	-100	0	0	**	1	0	-100
Quesnel	1	4	300	0	0	**	1	4	300
Terrace	0	1	**	0	0	**	0	1	**
Williams Lake	1	1	0	0	0	**	1	1	0
Cities 10,000 pop. +									
Salmon Arm	16	26	63	2	4	100	18	30	67
Squamish	6	4	-33	76	18	-76	82	22	-73
Summerland	2	5	150	0	12	**	2	17	##
Total	**2,172**	**2,789**	**28**	**4,069**	**5,149**	**27**	**6,241**	**7,938**	**27**

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Table 2

Housing Starts, Year-to-Date, Urban B.C.
January - March 2006

AREA	SINGLE DETACHED			MULTIPLES			TOTAL		
	2005	2006	% Chg.	2005	2006	% Chg.	2005	2006	% Chg.
Metropolitan Areas									
Abbotsford									
Vancouver									
Victoria									
CA's 50,000 - 99,000 pop.									
Chilliwack									
Kamloops									
Kelowna									
Nanaimo									
Prince George									
Vernon									
CA's 10,000 - 49,999 pop.				Not Applicable This Quarter					
Campbell River									
Courtenay									
Cranbrook									
Dawson Creek									
Duncan									
Fort St. John									
Kitimat									
Parksville-Qualicum									
Penticton									
Port Alberni									
Powell River									
Prince Rupert									
Quesnel									
Terrace									
Williams Lake									
Cities 10,000 pop. +									
Salmon Arm									
Squamish									
Summerland									
Total									

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Table 3

Units Completed

	Single Detached	Semi Detached	Row Rental	Row Condo	Apt. Condo	Apt. Rental	Total
January - March 2006							
Metropolitan Areas							
Abbotsford	88	0	0	5	88	0	181
Vancouver	1,267	240	0	960	2,834	219	5,520
Victoria	186	24	0	35	251	20	516
Large Urban Centres & Urban Agglomerations							
Chilliwack	75	12	0	140	142	51	420
Kamloops	84	24	0	0	0	0	108
Kelowna	215	24	0	52	123	89	503
Nanaimo	116	14	0	0	53	0	183
Prince George	53	0	0	0	0	0	53
Vernon	73	6	3	13	0	0	95
Total	**2,157**	**344**	**3**	**1,205**	**3,491**	**379**	**7,579**
January - March 2006							
Metropolitan Areas							
Abbotsford							
Vancouver							
Victoria							
Large Urban Centres & Urban Agglomerations			Not Applicable This Quarter				
Chilliwack							
Kamloops							
Kelowna							
Nanaimo							
Prince George							
Vernon							
Total							

Note: Excludes Non-Profit and Co-op units
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Table 4

Absorption of Newly Completed Units

	Single Detached	Semi Detached	Row Rental	Row Condo	Apt. Condo	Apt. Rental	Total
January - March 2006							
Metropolitan Areas							
Abbotsford	102	0	0	6	102	0	210
Vancouver	1,253	247	0	1,032	2,917	177	5,626
Victoria	171	20	0	33	239	20	483
Large Urban Centres & Urban Agglomerations							
Chilliwack	73	9	0	129	93	51	355
Kamloops	84	25	0	0	0	0	109
Kelowna	220	22	0	53	121	89	505
Nanaimo	130	16	0	1	28	0	175
Prince George	55	0	0	0	0	0	55
Vernon	70	5	3	13	0	0	91
Total	**2,158**	**344**	**3**	**1,267**	**3,500**	**337**	**7,609**
January - March 2006							
Metropolitan Areas							
Abbotsford							
Vancouver							
Victoria							
Large Urban Centres & Urban Agglomerations		**Not Applicable This Quarter**					
Chilliwack							
Kamloops							
Kelowna							
Nanaimo							
Prince George							
Vernon							
Total							

Note: Excludes Non-Profit and Co-op units
CMHC

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